

John Olaf Nelson Water Resources Management

1833 Castle Drive, Petaluma, CA 94954

Ph: 707 778-8620 Fax: 707 778-3566 Cell Ph: 707 291-9862 E-mail: jonolaf@home.com

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To: Water Advisory Committee and Interested Persons

Subject: **REPORT ON WORKSHOP NO. 2**

The following report was prepared by John Olaf Nelson Water Resources Management (JONWRM) with input from Professor Tom Jacobson. Comments received at Workshop No. 2 and comments received at the website since December 6th are attached. Also a revised list of responses to consider for incorporation in the new agreement, a Vision Statement and schedule for agreement negotiation is presented for review, consideration and approval.

Participants in Workshop No. 2 identified the following key areas as having the top priority for additional discussion:

- watershed management,
- available water supply,
- ground water issues – particularly recharge, and
- gravel mining impacts.

BACKGROUND

Currently three separate agreements cover water service to the major cities and districts obtaining water from the Sonoma County Water Agency (SCWA) transmission system:

- Eleventh Amended Agreement for Water Supply (11th Amended Agreement),
- Memorandum of Understanding Regarding Water Transmission System Capacity Allocations During Temporary Impairment (MOU), and
- Supplemental Water Supply Agreement providing water to Marin Municipal Water District (this is actually three agreements referenced and set forth in one document).

The 11th Amended Agreement and Supplemental Water Agreement are long-term agreements and include language that provides for renewal for 40-year periods. The MOU is expected to be short term and sunsets in 2005 unless extended by the party's signatory thereto.

Given issues concerning: the need to better service the water needs of customers; meet the challenge of building new system improvements; implement conservation, recycling and standby or augmented local supply; understand and respond to the challenges of preserving species required by the Endangered Species Act (ESA); manage and care for the Russian River; diversions from the Eel River; and planning and managing a vital municipal water supply system among all of these interrelated and often competing matters; given all these issues, the SCWA and its Water Advisory Committee (WAC), joined by Marin Municipal WD and the Town of Windsor, seek to negotiate a new water supply agreement. Furthermore these parties wish to include in the process a serious

effort to reach out and seek input from the public and keep the public informed and involved as the negotiation process unfolds. In August, JONWRM was hired by the parties to act as a facilitator for this process. A subcontract with Sonoma State University provides that Tom Jacobson, Associate Professor of Environmental Studies will provide lead facilitation services at the public workshops and other valuable assistance.

The parties committed to participate in the new agreement negotiation are the Cities of Cotati, Petaluma, Santa Rosa, Rohnert Park, and Sonoma; the Town of Windsor; the Forestville, North Marin, Marin Municipal and Valley of the Moon Water Districts; and, the SCWA – eleven in all. They have adopted a work schedule, have named their lead negotiators and have funded consultant facilitation costs for the first fiscal year (FY 2001-02) of the negotiation process.

The schedule calls for completion of negotiations within two years. Currently the plan contemplates six public workshops to be held on Thursday evenings. The first workshop was held in Santa Rosa on September 20, 2001. Its purpose was to identify issues and input for a Vision Statement. The second was held in Sonoma on December 6, 2001. Its purpose was to discuss the issues and receive comments on a draft Vision Statement. It is the subject of this report. The schedule for the remaining workshops is:

February 28, 2002	Further Discussion of Issues Petaluma Community Center, Lucchesi Park, 320 N. McDowell Blvd
April, 2002*	Review Initial Draft of Agreement
October, 2002*	Discuss Endangered Species Act Issue (Note: The previous date for this workshop was July. This report recommends delay to October due to the most recent estimate of the date that the Biological Assessment will be available from the SCWA – see section entitled “Schedule”.)
March, 2003*	Review Final Draft of Agreement

* Location and date yet to be scheduled.

These workshops are in addition to traditional opportunities the public will have for commenting on the proposed new agreement, such as presenting statements at public hearings held by the parties, approaching elected officials, etc.

In addition, the parties have funded a New Agreement website for posting of information and obtaining comments.

To access the website, go to www.scws.ca.gov, and
Click on “Water Advisory Committee”, then
Click on “New Agreement” tab, then
Click on “Public Outreach” tab.

Persons, who do not have Internet access are welcome to mail or fax comments directly to:
John Olaf Nelson Water Resources Management (see heading on first page of this letter report for contact information).

WORKSHOP NO. 2

The purpose of Workshop No. 1 was to obtain the public’s comments on:

- Issues identified in Workshop No. 1 or new issues, and

- Draft Vision Statement.

A notice (Attachment 1) was mailed to 423 parties expressing interest. This list was compiled mainly from respondents to the original workshop notice that went to 4,692 persons/agencies. The Notice encouraged participants to prepare for the workshop by reading information posted at the website or made available at the various water contractor information counters. A show of hands at the workshop revealed that about 60% of those present had in fact done so. This information was also made available as handouts at the workshop and included:

1. Report entitled "Issues Identified in Workshop No. 1"
2. Key Issues (list of 30 key issues grouped in 14 categories)
3. Draft Vision Statement
4. Background Information for New Water Supply Agreement Negotiation (first made available at Workshop No. 1.)

Workshop No. 2 was organized as follows:

1. Introduction of evening events - Professor Tom Jacobson (5 min)
2. Slideshow reviewing issues identified at first workshop - John Olaf Nelson (15 min)
3. Comments on the issues and vision statement from public (due to time constraints comments were principally limited to the public) - Moderator: Tom Jacobson (60 min)
4. Vote on issues needing further discussion at the next workshop (public participants were each given 3 dots to place on posters containing lists of key issues identified) - Moderator: Tom Jacobson (10 min)
5. Presentation on the Integrated Water Resource Planning approach followed by Q&A - Jim Fiedler, Deputy Operating Officer, Watershed Management Division, Santa Clara Valley Water District, www.scvwd.dist.ca.us (30 min)

About 70 persons attended the workshop. Forty-two percent were officials or staff from public agencies. Fifteen persons were apparently newcomers to the process and asked to be added to the mailing list.

The slides used by Mr. Nelson to summarize key issues identified in Workshop No. 1 are included as Attachment 2.

Mr. Jacobson opened the public comment period and invited cementers to the podium. Remarks were recorded. Eleven persons gave statements and two others submitted comments on 3 x 5 note cards provided for that purpose. A transcript of comments/statements made is contained in Attachment 3. Following the workshop, six others posted comments on the New Agreement website. These are contained in Attachment 4.

In the next section of this report, comments received from Workshop No. 2 are summarized and appended to a recap of comments received at Workshop No. 1. A number of persons commenting stated that the negotiation process needed to include consideration of placing the control of the SCWA under a directly elected Board of Directors. Some stated that control of gravel mining permits should reside in the SCWA and not the County of Sonoma. As presented in the report emanating from Workshop No. 1, JONWRM again states that these two issues fall outside the scope of the current negotiation process given the fact that the parties sponsoring the negotiation are all duly constituted government agencies with existing designated powers who have mutually agreed to negotiate a single new agreement between themselves. Should any person or entity wish to seek a change in how any party is governed or the powers they currently have, the process involves changing state law by pursuing the normal means available to do so.

Following the comment period, public participants were given three dots and asked to indicate which issues or issue areas they wished to see further discussion on at the next workshop. Thirty issues/issue areas had been identified from the first workshop. These were listed on posters taped to the meeting hall walls. Voting public participants affixed their dots to these lists. A separate blank easel was made available to add issues not contained on the list of thirty. A total of 109 dots were placed. The total number of persons voting is estimated at 36 (assuming each voter used all three dots). The results of

voting are shown in Attachment 5.

The results of the voting ranked the issue areas as follows:

1. Water Supply
2. Ground Water
3. Gravel Mining
4. Watershed Management
5. Conservation
6. Environmental Impacts and Mitigation
7. Potter Valley Project

Individual issues were ranked as follows:

Individual Issue	Votes
Need Watershed Management Plan	8
Live within limits of watershed/available supply	7
Study/promote ground water recharge including construction of detention ponds	7
Gravel mining impacts on River water quality and environment	7
Measure ground water depletion and replacement	6
Need Regional Master Water Plan/Policy	5
Promote and expand use of recycled water	5
Impact of gravel mining practices on need for filtration plant, cost	5
Support and urging for more conservation incentives	4
Concern for cumulative regional impacts, wildlife impacts, cost to environment, plan re ESA	4

Workshop No. 3 is being designed to address some of the top issues public participants have indicated need further discussion. These would appear to be issues surrounding:

- watershed management,
- available water supply,
- ground water issues – particularly recharge, and
- gravel mining impacts.

RECAP OF COMMENTS RECEIVED AT WORKSHOP NO. 2

At Workshop No. 2, members of the public were invited to provide comments on issues to be addressed in the new water agreement. As previously noted, a transcript of these comments is contained in Attachment 3. After the workshop, six additional comments were received at the New Agreement website (see Attachment 4). The following summarizes points made by each commenter and appends them to a recap of comments made at Workshop No. 1. The new appended summaries are shown in *italics*. To receive the full value of these comments, please refer to the transcript noted above. Note that some comments summarized below may have relevance under more than one topic area.

A full transcript of comments received at Workshop No. 1 are available at the New Agreement website.

Also included below are explanations of how the existing water supply agreements address the comments raised.

Much of the following (except for italicized text) is a repeat of information provided in the “Report on Issues Identified at Workshop No. 1” but is offered here as a convenience to the reader to show updated material all in one place.

Conservation:

- Conservation incentives should be the focus and need to be expanded.
- More and better information and public involvement is needed. (A centralized conservation website and the need for special efforts to notify renters was noted.)
- Water saved should not be used to provide for new growth.
- Tiered water rates should be employed.
- More encouragement of native plants and Xeriscapes
- Tougher landscape standards.
- Standardization of landscape standards.
- Penalties for wasting water.
- Water savings goal of 6,600 acre-ft is too low and needs to be reexamined.
- That conservation requirements contained in the MOU need to be included in the new agreement.
- More funding for conservation.
- More analysis of conservation efforts and need for feedback reports.
- *Improve distribution of SCWA's educational materials on Xeriscape. (Ann Maurice)*
- *Consider offsetting demand for new water supply and new pipelines by retrofitting conservation into existing homes – the “zero footprint” approach. Require new connectors to finance/obtain “zero footprint”. (Bill Kortum)*
- *Proposed water conservation plan. (Bill Phillips)*
- *Consider “cash for grass” programs. (George Amaroli)*
- *Examine substantially increasing water efficiency, including site-specific projects. Combining wastewater reuse, recycling, and reclamation with water efficiency is less costly to ratepayers than separate water or wastewater projects. (John Rosenblum)*

How 11th Amended Agreement or MOU Address Conservation Issues:

Long-term conservation is provided in Sections 1.12 and 2.5 of the 11th Amended Agreement. The former section commits water contractors to extend best efforts to secure implementation of Best Management Practices (BMPs) promulgated by the California Urban Water Conservation Council (CUWCC) (or alternatives that secure the same level of savings) as a minimum requirement and provides for a penalty rate surcharge provided the WAC determines efforts by any contractor are unsatisfactory. The latter section provides for financing cost-effective water conservation efforts approved by the WAC as part of the SCWA's operating expense. Allocation of water during a shortage is covered in Section 3.5 entitled “Water Shortage and Apportionment”.

In the MOU, Sections 4 (c), 5 (a), 6 and 7 expand water conservation efforts. The requirement to join the CUWCC and sign its agreement regarding implementation of BMPs is added, and certain conservation programs and studies are mandated. Greater funding for conservation programs is provided (subject to WAC approval). Table 1 of Section 4 reapportions water available to the parties during shortage periods expected to be experienced during the summer months over the next 5 years (through year 2005). .

Environmental Impacts and Mitigation:

- Cumulative impacts (including regional impacts) and cost to the environment need to be considered.
- Concern about the Endangered Species Act (ESA) including proper consideration of the impacts of operations particularly the impact of diversions on fish and the plan and cost for dealing with these.
- Potential need for a filtration plant and cost.
- Purchase of watershed lands should be considered in the agreement.
- Increased funding for mitigations is needed.
- Impacts of Rubber dam operation.
- Impacts of flows in Dry Creek.

How 11th Amended Agreement or MOU Address Environmental Issues:

Section 2.2 of the 11th Amended Agreement provides that construction schedules shall be extended as a result of delays caused by any environmental quality regulations or restrictions or litigation resulting in

court orders. Section 2.3 provides that with WAC approval, the SCWA may undertake studies and prepare technical reports and environmental documents pertaining to further modifications to the transmission system. Mitigation of impacts of the ESA that may result in construction of new facilities is not specifically addressed in the current agreement.

Section 4.17 (b) of the 11th Amended Agreement provides for the Russian River Projects Charge, which is collected from water contractors outside of Sonoma County in-lieu of tax payments made by residents of Sonoma County. These charges and tax payments go into the Russian River Projects Fund. Section 1.1 (aa) of the agreement defines what payments from this fund can be used for. One such use is to pay for fishery mitigation and enhancement projects undertaken by SCWA in the Russian and Eel River and their tributaries.

Watershed Management:

- A watershed management plan is needed for the Russian River. (This was a very dominant theme. In fact more participants responded on this single point than any other issue in any other issue area.)
- Sustainability needs to be the defining goal.
- Funding and support for restoration efforts.
- Emphasize habitat restoration.
- Consider or create some sort of watershed governance organization/solution*.
- *Need greater consideration of carrying capacity and demands of the Russian and Eel River watersheds. (David Keller)*
- *Consider the New York City model of watershed management for potable water supply (land stewardship, technical assistance, land acquisition, septic tank maintenance, stricter discharge requirements for wastewater treatment plants, land use policy, etc.) as an alternative to constructing new water supply treatment plants. (David Keller)*
- *Support for a watershed management plan, to address a range of concerns. (Pam Torliatt)*

How 11th Amended Agreement or MOU Address Watershed Management Issues:

Section 4.17 (b) of the 11th Amended Agreement provides for the Russian River Projects Charge, which is collected from water contractors outside of Sonoma County in-lieu of tax payments made by residents of Sonoma County. These charges and tax payments go into the Russian River Projects Fund. Section 1.1 (aa) of the agreement defines what payments from this fund can be used for. One such use is to pay for carrying out SCWA's channel-stabilization works obligations to the federal and state governments in connection with the Coyote Dam and Warm Springs Dam projects.

Water Supply:

- Water Contractors should live within the water supply limitations of the River. (A number of participants used the term "watershed" to define that limitation.)
- New agreement needs to provide for a master water supply plan - one that will take into account all demands made on the River and means of meeting those demands including groundwater.
- Pin down water rights.
- Integrate water planning with ground water planning/local supplies.
- Concern over the impact of vineyard irrigation.
- *Need to reflect the "carrying capacity" of Sonoma County in terms of known and probable water supply. (John Blayney)*
- *Concerns about effects of summertime irrigation of vineyards; support for non-irrigated vineyards. (Ann Maurice)*
- *Proposed water ethic based on water stewardship. (Bill Phillips)*
- *Need to give greater consideration to future reliability (or lack of reliability) of water supplies. (David Keller)*
- *Consider offsetting demand for new water supply and new pipelines by retrofitting conservation into existing homes – the "zero footprint" approach. Require new connectors to finance/obtain "zero footprint". (Bill Kortum)*
- *Manage/reduce peak demand on aqueduct by giving priority to wastewater irrigation thus reducing*

- need for expensive storage tanks. (Bill Kortum)*
- *Quantify and verify the resources for the existing commitments that the SCWA has to supply all contractors - not just the existing WAC members. (Pam Torliatt)*
- *Use wastewater pipeline to Geysers for vineyard irrigation water (George Amaroli)*
- *Fully utilize the storage capacity of Warm Springs Dam. (George Amaroli)*
- *Provide information on the finite amount of water that SCWA can provide to its contractors. (Pam Torliatt)*
- *When water contractors are asked to comment on new development they should not promise delivery if present users will need to reduce water use or if projected increase in use will exceed capacity. Presently, entitlements exceed capacity (133.4 mgd vs. 84 mgd). (Michael Powell)*

How 11th Amended Agreement or MOU Address Water Supply Issues:

Section 2.2 of the Eleventh Amended Agreement commits the SCWA to construct or acquire additions to the existing transmission system sufficient to meet the entitlement provisions set forth in Sections 3.1, 3.2 and 3.12. This commitment is subject to a whole laundry list of provisos.

Section 3.1 sets forth the average day during maximum month delivery flow limits and the annual acre-foot caps for each water contractor. The caps are based on estimates of build-out demand under current adopted general plan(s) that cover the water contractor's service area. Some of the general plans contain growth limitations. Section 3.2 provides for entitlement assigned to "other agency customers". These other customers are, for the most part, small private systems distributing domestic water and currently include deliveries to the Town of Windsor. Section 3.12 provides for deliveries to Marin Municipal Water District.

Sections 3.1 (b), (c) and (d) provide specific criteria that limits peaking off the transmission system. Section 3.3 (b) provides for liquidated damages equal to 25% of the O&M rate for water contractors who violate the anti-peaking provisions.

Section 3.5 sets forth how water is to be apportioned in the event of shortage and also provides that SCWA will use best efforts to obtain, perfect and maintain appropriative water rights sufficient to make the deliveries provided for in the agreement.

Section 4 of the MOU (particularly Table 1) sets forth specific delivery capacity limitations for each water contractor during the current interim period when delivery of water from the aqueduct system during peak summer months are insufficient to meet expected demands.

Recycled Water:

- Promote and expand use of recycled water.
- Define recycled use plans better.
- Set goals for reuse.
- Upgrading treatment of wastewater so it can be used for ground water recharge.
- Mandate use of recycled water for landscape irrigation.
- Make reuse by agriculture the focus.
- *Address financial equity in the funding of alternatives (e.g., wastewater recycling at its source). Allocate enough money in the water agreement to find out whether water conservation can be increased. (John Rosenblum)*

How 11th Amended Agreement or MOU Address Recycled Water Issues:

Section 2.5 of the 11th Amended Agreement provides SCWA may undertake or fund any cost-effective water conservation measure that will reduce water demands on the transmission system that has been approved by the WAC.

The MOU at Section 5 (a) and a subsequent action taken by the WAC expands this provision to include recycled water supply and local supply projects that offset potable water use and standby local peak

month production capacity projects that reduce peak demand on the transmission system. This section also provides that the water contractors shall determine which projects shall be recommended for funding each fiscal year. (Unless extended by the parties thereto, the MOU terminates on September 30, 2005.)

Agreement Governance:

- SCWA Board should be separately elected*.
- Upgrade WAC and increase diversity of representation.
- WAC should contain regional representation.
- WAC should be all elected officials appointed by each contractor.
- WAC should be split into a policy committee (elected officials) and technical committee (managers/engineers).
- WAC should not be elected officials.
- Review some “best governance” models.
- Maintain agreement governance in Sonoma County.
- *Proposed restructuring of SCWA governing body (David Keller, Tara Treasurefield)*

How 11th Amended Agreement or MOU Address Agreement Governance Issues:

Part 5 of the 11th Amended Agreement creates WAC and describes its powers, composition (one representative selected by each water contractor) and provides for voting (greater than 50% of votes of WAC members weighted by entitlements and affirmative vote of 5 of the current 9 WAC members). The Powers of the WAC are found in many sections of the agreement and are enumerated in the Background Report made available at Workshop No. 1 (also viewable on new agreement website).

Section 4 (d) of the MOU amends voting to include Marin Municipal Water District and the town of Windsor in so far as MOU water allotments and some other MOU related matters are concerned.

Financing and Cost Allocations:

- Need for equity between current and future ratepayers. (Most comments on this theme indicated more of the cost burden should be placed on future ratepayers/connectors.)
- Need for equitable distribution of costs among water contractors.
- Budget should include research and development.
- *Address financial equity in the funding of alternatives (e.g., wastewater recycling at its source). Allocate enough money in the Water Agreement to find out whether water conservation can be increased. (John Rosenblum)*

How 11th Amended Agreement or MOU Address Financing and Cost Allocations Issues:

At least 20 pages of the 40 page 11th Amended Agreement is devoted to financing and cost allocation matters (all of Part 4 and portions of Part 1, 2, 3 and 5). The agreement requires payment of operating and maintenance (O&M) costs on an acre-ft of use basis. The O&M rate is set annually by SCWA and includes the cost of conservation program support and conservation funds provided to water contractors and approved by the WAC.

The WAC can authorize raising funds via the O&M charge which can be transferred to capital funds designated for financing “Common” and “Storage” facilities. Common facilities are items like diversion facilities and pumps that benefit all system users. Storage facilities are tanks. The agreement assumes these benefit all contractors equally (exception is North Main Water District who is too far away and provides own tank storage). This “pay-as-you-go” mechanism has been much practiced. On the one hand it serves to reduce total costs by eliminating interest on debt and finance charges. On the other, it increases the cost burden of current ratepayers.

Capital outlays for aqueducts have historically been financed by bonds and repaid over time via revenue collected from aqueduct rates. Aqueduct rates differ for water contractors and depend on which aqueduct the contractor is drawing water from. Some aqueducts benefit all or most of the contractors and the debt

service on these is prorated on an entitlement basis and allocated to the aqueduct the contractor is served from. The current total rate paid by the water contractors varies from \$359 to \$383 per acre-ft depending on which aqueduct service is provided from.

Section 5 of the MOU expands “pay-as-you-go” approach to include more funds on an annual basis for conservation and opens the door to do the same for recycled water projects and local standby supply projects (wells).

General Plan Relationships:

- The need to synchronize water plans and general plans.
- Growth inducing impact of increasing supply capacity needs to be considered.
- Limit growth. *
- *General plan policies are based on SCWA water supply figures, while SCWA bases policies on what general plans say. Questions about carrying capacity and sustainability need to be addressed. (David Keller)*
- *There are tremendous outside pressures for growth in Sonoma County. Under state law, general plan housing elements are required to plan for the “Regional Housing Needs Determination” thereby creating pressure to provide associated water supply and wastewater capacity. (Joe Gaffney)*
- *Since water is a limited resource, there should be growth limits set by the general plan and these limits should be determined by water supply and the affordable means of delivering it. (Michael Fowell)*

How 11th Amended Agreement or MOU Address General Plan Relationship Issues:

Section 3.1 of the 11th Amended Agreement includes annual acre-foot caps on deliveries to each water contractor. The caps are determined based on build out under current adopted general plans. These caps were introduced with approval of the 11th Amended Agreement.

Section 3.3 (b) of the 11th Amended Agreement recognizes the authority of SCWA to physically limit or restrict deliveries in excess of amounts authorized in the agreement.

Section 8 of the MOU states the parties will consult with agencies having planning and zoning power within their service areas.

It is noted that given: (1) the fact that capacity of a pipeline varies as the square of the diameter which means that for a little more money you can obtain a lot more capacity; (2) the fact that paralleling a pipeline facility is very costly; and (3) the fact that general plan horizons are relatively short compared to the life of an aqueduct; it is believed that the method used in the present agreement, which expresses entitlements in terms of maximum month flow capacity based on long term forecasts but caps annual use based on adopted general plan water needs, is very sensible. Accurate development of water demand predictions based on growth allowed in the general plans coupled with enforcement of caps would appear to adequately guarantee that transmission system capacity will not be growth inducing. The issue then seems to boil down to fair and adequate water demand forecasts derived for the general plans and respect for the caps.

Ground Water:

- Study and promote ground water recharge (porous concrete, runoff collection/ percolation were mentioned).
- Measure ground water depletion and replacement.
- Concerns about ground water contamination.
- Fast track ground water assessment study and increase scope.
- *Prepare a total groundwater study for Sonoma County, paid for by ratepayers, and use that information to control development in a specific area. (Bill Kortum)*
- *Supports a groundwater study (Pam Torliatt)*
- *Concerns about groundwater, especially in Sonoma Valley (John Murphy)*

- *Since ground water is a source of water for SCW A, any new agreement should be delayed until a comprehensive study is done regarding ground water use by all the users of water supplied by SCW A. Ground water depletion should be measured and replacement ensured. (Michael Fowell)*
- *Until ground water studies are completed, contractors should live within the supply limits of the Russian River. (Michael Fowell)*
- *Requiring water meter installation on wells for purposes of determining water use should be mandatory. (Michael Powell)*

How 11th Amended Agreement or MOU Address Ground Water Issues:

Section 2.2 of the 11th Amended Agreement provides ACWA will construct emergency wells with capacities that are from time to time determined by the WAC.

Table 1 of Section 4 of the MOU cites reliable local ground water production capacity and the allocations in the table are based on use of use of same to reduce aqueduct demand during periods of impairment. Section 5 of the MOU sets forth a funding mechanism for developing standby well capacity that will reduce peak month demand on the transmission system. The WAC must suggest the projects and approve funding support.

It is noted that in California, ground water is a property right. Some of the water contractors have developed a number of municipal water supply wells. Some of those are thought to draw water from over drafted basins and some exhibit taste and odor problems. The SCWA has also developed some ground water well capacity as part of the existing agreement. These wells have demonstrated some taste and odor and sanding problems. The level and use of ground water is not well documented in Sonoma County. The Department of Water Resources did the last major study in 1982. The County has recently joined in a study to develop more current information for a portion of the County.

Water Quality:

- Reduce/eliminate harmful discharges.
- Limit summer wastewater flows.
- Concern over increased wastewater problems caused by increasing water supply that promotes growth.
- Proximity of Healdsburg disposal pits a concern.
- *Concerns about pharmaceuticals and endocrine disrupters in the water. (Ann Maurice)*
- *Concerns about vineyard run-off (agricultural chemicals) on water quality. (Ann Maurice)*
- *Proposed workshop of Sonoma County Water Agency and grape growers regarding use of agricultural chemicals. (Ann Maurice)*
- *Concern about use of boat engines on Lake Sonoma and MTBE emissions, etc. (Ann Maurice)*
- *Proposed water ethic based on water stewardship. (Bill Phillips)*
- *The pipeline transporting treated wastewater to the Geysers has serious implications for water quality, e.g. dumping portions of this wastewater into the Russian River above the Cities of Healdsburg and Windsor. There is a draft project to store wastewater in reservoirs in the hills above West Side Road, which will allow drainage into creeks that empty into the Russian River. (Dona] McEnhill)*
- *Recycled water not pumped to the Geysers steam field or stored for reuse in the existing irrigation system would be discharged through the Laguna de Santa Rosa to the Russian River. (Virginia Porter)*

How 11th Amended Agreement or MOU Address Water Quality Issues:

Section 3.7 of the 11th Amended Agreement provides SCWA will use best efforts to insure that the water quality of deliveries will meet minimum standards for human domestic consumption established by the State and Federal governments.

Potter Valley Project:

- Concern about adverse impacts of Eel River diversions – especially on fish.
- Importance of Eel River diversions to Russian River interests.
- Allow each contractor to opt in or out if Potter Valley Project is acquired.

How 11th Amended Agreement or MOU Address the Potter Valley Project:

Section 2.4 of the 11th Amended Agreement provides that all or part of PG&E's Potter Valley Project (Federal Energy and Regulatory Commission project designated No. 77) may be acquired by the SCWA provided the SCWA Board of Directors determines that such acquisition is necessary to insure SCWA's continued ability to make water deliveries authorized by the agreement and provided advance approval of the WAC is obtained. Such a vote would involve the formal approval or disapproval of each WAC member. A positive vote requires more than 50% of the votes (these are weighted based on maximum month entitlements contained in the agreement) plus affirmation by 5 of the 8 WAC members (currently there are 8 WAC members). It can be assumed that such a vote would not occur without the WAC being presented a plan showing costs, allocation of costs and the share of costs that would become an obligation on the water contractors.

It is noted that currently Eel River diversions are under the control of PG&E who owns all of the project facilities (dams/land, diversion facilities, tunnel and power house) and holds the license for power production. Many issues cloud the debate over the Eel River diversions: impact of diversions on reliable supply of agreement water, status of the current Water Supply and Transmission System EIR, relicensing of the Potter Valley Project by the Federal Energy and Regulatory Commission, the Biological Assessment underway and the ultimate Biological Opinion by the National Marine Fisheries Agency, extractions and diversions in Mendocino County, and last but not least impacts on the Eel River and the wishes and desires of Humboldt and Lake County interests.

Gravel Mining:

- Adverse impacts of gravel mining practices.
- Need for filtration plant.
- Impact on diversion capacity of collectors.
- Have gravel miners pay restitution and royalty fees. *
- *Concerns about the effects of gravel mining. (Bill Phillips)*
- *Gravel mining fees do not reflect lost filtration and storage capacity which is a function of gravel. (David Keller)*
- *Storage and filtration capacity. (David Keller)*

How 11th Amended Agreement or MOU Address Gravel Mining Issues:

Gravel mining is not addressed directly in current agreement. However, Section 2.2 of the 11th Amended Agreement provides SCWA will schedule additions and replacement projects so as to maintain a 20 mgd diversion capacity safety factor (i.e. 20 mgd in excess of the average day delivery requirement during the historical maximum month). In making this calculation, demand for surplus water or water delivered in excess of entitlements to water contractors is excluded but deliveries to Marin Municipal Water District is included. Section 3.7 provides SCWA will use best efforts to insure that the water quality of deliveries will meet minimum standards for human domestic consumption established by the State and Federal governments. These sections make it clear that any degradation of water quality or reduction of diversion capacity attributable to gravel mining is adverse to water contractor interests.

It is noted that the County of Sonoma adopted a Revised Aggregate Resource Management Plan in 1994 and is responsible for issuing permits for taking of gravel. Historically, significant mining has occurred upstream of the Ranney collectors. The Year 2000 Aggregate Mining Report shows gravel levels at Mile 23 (Wholer Bridge) and Mile 24.3 (near the new Caisson 6 site) to have dropped about 4 feet in the ten-year period from 1982 to 1993, a period of heavy upstream gravel extraction. From 1993 to year 2000, depths at these cross-sections recovered to near 1982 levels. Records of gravel depths maintained by the

SCWA show little overall change in gravel depth at these two cross-sections.

SCWA ascribes decline in capacity at existing Ranney collectors to normal decline in well capacity found in operation of any municipal well. In time, fine material gradually sorts out naturally around well casing perforations (in this case perforations in the laterals that lie in gravel and extend horizontally form the base of the collectors) and this process creates a diminution of capacity. The sorting of fines is not unlike the intentional design employed in building a rolled earth dam where sorted material is placed within the dam to make it virtually impervious to passage of water. Typical maintenance of a municipal well requires periodic recovery of capacity. This process, called redevelopment, is accomplished by hydraulic flushing which involves repeated cycles of jetting water back out through the perforations, surging and then pumping the water the other (normal) direction. Some of the SCWA collectors have been in operation for over 40 years. The SCWA is currently commencing redevelopment of some of the collector lateral capacity.

Transmission Project Design and Scheduling:

- Tailor projects to local needs.
- Do not force projects ahead of need but schedule as needed.
- Include a construction schedule in the agreement.
- Require local storage.

How 11th Amended Agreement or MOU Address Transmission Project Design and Scheduling Issues:

Section 2.2 of the 11th Amended Agreement provides SCWA will schedule additions and replacement projects to meet the entitlement delivery requirements set forth in Sections 3.1, 3.2 and 3.12 of the agreement. Safety factors or cushions are provided for diversion facility capacity and tank storage capacity.

Section 4 (f) of the MOU sets forth three project elements as being of the highest priority. In order of priority they are: construction of Collector 6, construction of that portion of the new parallel Petaluma Aqueduct extending from Russian River/Cotati Intertie Aqueduct (near the intersection of the railroad and East Cotati Ave.) to Eli Booster Station (near intersection of railroad and Ely Road), and construction of that portion of the new parallel Sonoma Aqueduct between Eldridge Tanks and Madrone Road.

Sections 3.1 (b), (c) and (d) provide specific criteria that limits peaking off the transmission system. Section 3.3 (b) provides for liquidated damages equal to 25% of the O&M rate for water contractors who violate the anti-peaking provisions.

Basic Agreement Concepts:

- 100% approval of the agreement or amendments thereto.
- Defer entering into new agreement until the ESA and/or Potter Valley Project issues are resolved.
- *Questions entering into new Water Agreement without definitive knowledge of water supplies and water usage. (Stan Gold)*
- *Look at all available resources and all the needs, and use least-cost approaches to serve the people in the best way possible. (George Amaroli)*
- *Supports Integrated Water Resource Plan. (John Murphy)*
- *Broaden discussions to include SCWA governance, land-use, North Coast economic sustainability, energy/global warming, and wastewater management. (John Rosenblum)*
- *Integrated Water Resource Planning is a good approach when it includes meaningful public participation from the very early stages -including defining the Scope of Work. Need to really integrate resources by combined consideration of water, energy, and wastewater. (John Rosenblum)*

How 11th Amended Agreement or MOU Address these Basic Agreement Concept Issues:

Amendment of the 11th Amended Agreement requires approval of all the water contractors and the SCWA. There are two exceptions. Section 2.3 (b) provides that the SCWA may construct or acquire

additions to the transmission system that would in essence benefit a single water contractor or group of water contractors provided: (1) said water contractor or group of contractors agree to make additional payments for the benefit; (2) that said construction does not diminish or impair the water supply to any water contractor (unless they agree to same in writing), and (3) such addition/acquisition is not a booster pump or other such device or method that would enlarge or increase the ratio of water taken from the transmission system by one user in relation to other users. (This last proviso is fraught with interpretation problems.) Questions that may arise as to whether such additions to the transmission system require an amendment of the agreement are left to the WAC to decide. The second exception is found in Section 1.6, which provides for unilateral amendment of the annual acre-foot cap by an agreement between the SCWA and the affected water contractor. The purpose of such an amendment must be to conform the cap to a general plan applicable to the service area of such contractor.

As noted under the issue heading entitled “Environmental Impacts and Mitigation”, mitigation of impacts of the ESA that may result in construction of new facilities are not specifically addressed in the current agreement unless they can be construed as additions to the transmission system.

Regarding the Potter Valley Project issue, Section 2.4 of the agreement deals with potential acquisition of same as explained in the issue heading entitled “Potter Valley Project”.

Section 2.2 of the agreement provides that no contract for construction of the aqueduct generally paralleling the Sonoma Aqueduct will be awarded with the prior written consent of the City of Sonoma and the Valley of the Moon WD.

It is noted that regarding the issue of waiting until the ESA or Potter Valley Project issues are resolved, one constraint to bear in mind is that the MOU will terminate on September 30, 2005, unless extended by 100% approval of the parties thereto. It would seem prudent to have the new water supply agreement in place before this MOU terminates.

Better Communication (of information):

- More timely project financial information for water contractors.
- More openness in sharing of information with interested persons.
- *Provide current status and monthly updates to the water contractors of implementation of the existing ongoing projects authorized in the master agreement. (Pam Torliatt)*
- *How can citizens advocate for actions, projects and programs and will citizens support such actions, projects and programs if they don't know what they will cost.*
- *Who will pay for them and in what form will be paid for? (Anne Layzer)*
- *How can the public make well-informed choices based on costs estimates that are way off? As a general matter, cost over-runs on public works projects are far more likely than cost under-runs. (Anne Layzer)*

How 11th Amended Agreement or MOU Address Communication Issues:

Section 1.8 of the 11th Amended Agreement provides the Agency will keep proper books, records and accounts and transmit two reports each year to the water contractors on transmission system receipts and expenditures – the first by February 1st, which shall be accompanied by a preliminary budget and the second after the close of the fiscal year. Section 2.3 provides for preparation of studies, technical reports, financial plans, and environmental documents for system facilities. (The most recent document laying out expected project costs and repayment impacts is a report by SCWA entitled “Water Supply and Transmission System Project Economic and Financial Report, Updated September 2001”).

Section 4.1 provides SCWA will establish O&M and capital charges for the ensuing fiscal year by April 30th of the preceding year. Section 5.1 provides that the WAC shall review all proposals set forth by SCWA, which involve a significant capital outlay for the transmission system, or any other project that could significantly change the level of service or impact the O&M or other expenses to be borne by water contractors. Communication of other information is not specifically noted in the agreement although it is implied in many sections – all those providing for WAC approvals for instance (Sections 1.1 (m), 1.12,

2.2, 2.3 (a), 2.3 (b), 2.4, 2.5, 3.12, 4.1 (c), 4.2 (b), 4.3 (e), 4.4 (e), 4.5 (e), 4.6 (e), 4.10 (e), 4.11 (b), 5.1 (b), and 5.3 (e) of the 11th Amended Agreement and Sections 4 (c) and 5 (a)).

Flood Control:

- Concerns about increase flooding impacts due to expanded development.
- Consider adding flood control function to agreement. *
- *Flood control affected by removing gravel and lowering the riverbed. (David Keller)*

How 11th Amended Agreement or MOU Address Flood Control Issues:

Not addressed in current agreements. While flood control is a power exercised by the agency, it is funded principally by a general countywide tax and assessments levied on special assessment zones. Permits for building in the flood plain are within the jurisdiction of agencies that approve and implement general plans.

Vision Statement:

- Comments from Workshop No. 1 on “vision” were broad in nature and were considered in preparing the draft Vision Statement.
- *Needs a very long-term perspective. (Tara Treasurefield, David Keller)*
- *The ability to serve all human and watershed needs adequately is possible only if we really put effort into rethinking our collective roles and responsibilities. (Ned Orrett)*
- *Consider: the principle of “sustainability” in the vision statement should embrace the entire biosphere and our place within it, and not be limited to the perspective of water issues. (Ned Orrett)*
- *Recognize the competing desires in the Vision Statement’s objective of providing a reliable, safe and adequate water supply, and work toward their reconciliation. (Ned Orrett)*

Other:

- *The general public has a wealth of knowledge that can be utilized in the Water Agreement negotiation process (e.g., regarding the effects on fish habitat of importing wastewater to the Laguna de Santa Rosa). (Jim McDonald)*
- *Concern about lack of participation from Mendocino, Humboldt and Lake Counties. (David Keller)*
- *Important to create enough incentive for people to come and discuss vision and associated political issues and enough incentive for those who have to manage the water system to listen and accommodate those interests. (John Rosenblum)*
- *Provide opportunities and enough time for “live back-and-forth” exchanges of views between the public, agency staffs, and elected officials. (John Rosenblum)*
- *What role does SCWA play in management, conservation and/or replenishment of water used by entities not served by aqueduct water? (John Murphy)*
- *What percentage of water used in Sonoma County is not delivered by the various cities and districts? (John Murphy)***

* Outside scope of negotiation process.

** This information is contained in report entitled “Backup Information for New Water Supply Agreement”. This report is available on the New Agreement website at the Public Outreach Tab.

POSSIBLE RESPONSES TO CONSIDER IN DRAFTING THE NEW AGREEMENT

As a result of comments received to date, it is suggested by JONWRM that the parties to the negotiation consider including the following 56 possible responses in the new agreement:

Conservation:

1. Include language that will assure funding for, creation of and periodic updating of an Integrated Water Resource Plan (IWRP). The main purpose of such a plan would be to examine both demand-side and supply-side water supply alternatives and impacts and come up with the best quantitative mix that gives due consideration to the basic goal of finding the least cost solution that provides for the needs of the customers of the water contractors and provides a sustainable solution for those who follow. Such an examination entails an evaluation of the cost effectiveness of demand management options (both those that decrease demand for water by long term voluntary and mandatory means and those that decrease demand during short term events, such as in the case of a drought), and water supply options such as ground water, recycled water, desalted water and surface water. The IWRP needs to be developed with opportunity for representative input from stakeholders and take into account agriculture and other beneficial uses made of Russian River waters. Major issues such as watershed management, ESA requirements and inter-basin transfers such as the Eel River diversions need to be considered. It is believed such a plan can optimize the scheduling of certain elements of the water supply and transmission system and may defer certain elements beyond the 35 year construction period currently envisioned or even eliminate the need for some elements entirely. The IWRP needs to take into account environmental values and impacts, building on the knowledge available, and determine the best quantitative mix of alternatives for minimizing impacts. The plan should also clearly set forth and justify a policy regarding gravel mining insofar as collection and delivery of water through the transmission system is concerned.
2. Include language that would encourage and reward efforts to implement incentive driven programs or requirements that go beyond Best Management Practices (BMPs) for Urban Water Conservation promulgated by the California Urban Water Conservation Council (such as “Cash for Grass, etc.).
3. Include language that would encourage and provide funds for innovative new water conservation strategies and a mechanism for funding successful programs.
4. Include conservation requirements contained in the MOU in the new agreement (The MOU re Interim Impairment contains a number of specific mandatory conservation requirements that go beyond the conservation requirements contained in the 11th Amended Agreement.).
5. Include language that will encourage more coordination and standardization of conservation programs (such as a “one-stop conservation program” website and offer program for contractors who choose to coordinate and standardize programs.
6. Include language that would encourage and lead to standardization of landscape efficiency requirements for new construction.
7. Create a separate fund for conservation programs.
8. Provide conservation targets (or a schedule of targets) in the agreement and provision that they be periodically reviewed and updated.

Environmental Impacts and Mitigation:

9. Same as Item 1.

Watershed Management:

10. Same as Item 1.
11. Include a methodology for identifying watershed restoration costs appropriately allocable to water contractors that are not or cannot be met from taxes and charges deposited in the Russian River Projects fund or from other appropriate sources.
12. As part of the negotiation process, review SCWA’s plans for use of monies deposited in the Russian River Project Fund and consider what voice the water contractors should have with regard to fund expenditures and what agreement provisions should be considered regarding same.
13. Request Sonoma County to explore ways and means of addressing regional watershed management (via the Russian River Watershed Council or some other means) and, as part of the negotiation process, address water contractors’ responsibility regarding same.

Water Supply:

14. Same as Item 1.
15. As part of the negotiation process review information on beneficial uses being made of Russian River waters and Eel River diversions.
16. Provide support State of California Department of Water Resource and SCWA in updating enumeration of all water uses being made of Russian River waters including water imported from the Eel River.
17. Provide support for updating Russian River model studies to calculate yield of system under various hydrologic conditions.

Recycled Water:

18. Same as Item 1.
19. Create a fund for recycled water projects.
20. Include policy to encourage cost-effective recycling.
21. Include the provisions of the MOU regarding recycled water projects in the new agreement.

Agreement Governance:

22. Provide for non-voting participation on WAC by person(s) representing environmental and/or regional interests.
23. Provide for two tier WAC - a policy committee of elected officials that meets quarterly and a technical committee that meets monthly; or alternatively, provide that WAC is made up of elected officials (one appointed by each party).

Financing and Cost Allocations:

24. Provide for incremental issuance of debt to finance major elements of the transmission system when, as and if they become needed over the next 35 years.
25. Provide for issuance of debt now (and again as necessary in the future) for a sum identified as being appropriate to finance water conservation, recycled water and local standby projects (local projects that reduce peak demand on the transmission system) determined to be cost-effective.
26. As part of the negotiation process, review how Common, Storage and Aqueduct facility costs are currently allocated and make changes if deemed appropriate by the parties.
27. Review the methodology currently being developed by the WAC for financing and distributing costs for additional conservation, recycled water and local standby supply projects. Determine whether making more funds available for these projects up front might dictate a different method of allocating costs – for instance distribution of these costs partly on a uniform basis to all contractors to account for benefits to all contractors (joint costs) and partly on a direct surcharge basis to each of those contractors actually receiving the funds based on benefits enjoyed by each contractor (separable costs).
28. Include research and development expenditures as a legitimate operating cost and provide for advance approval by the WAC.

General Plan Relationships:

29. Provide language that would address the need for accurate and uniformly applied forecast techniques for determining water required to meet general plans and provide a mechanism that does not require amendment of the agreement to adjust a forecast if found to be in error.
30. Include water demand for state mandated low and moderate income housing requirements.
31. Reword and strengthen provision regarding physical restriction of deliveries to assure that entitlements are protected.

Ground Water:

32. Same as Item 1.
33. To the extent that ground water studies undertaken by SCWA benefit parties to the agreement, that the agreement provide a mechanism for identifying the appropriate portion of costs to allocate to the each benefiting party.
34. Provide that the new agreement recognize the reliable local supply capability of water contractors. (One purpose for doing so is to assist in determining how water should be allocated during certain types of water supply shortages.)
35. Include provisions of the MOU regarding WAC approval of funding for standby local peak month production capacity projects.
36. Provide for debt financing of viable local municipal wells together with equitable repayment arrangements by the benefited party.
37. Expand definition of conservation to include programs and strategies that encourage replenishment of local ground water where such replenishment could reduce demand on the Russian River.
38. Support measurement of extractions from all large wells impacting the underflow of the Russian River or urban ground water basins used conjunctively with aqueduct water.

Water Quality:

39. Strengthen and expand language in the agreement regarding water quality.
40. Add language that would make clear the expectations of water contractors regards aggressive and proactive defense of Russian River water quality.
41. Support study of chemicals used by agriculture and others that could represent a threat to Russian River quality.
42. Provide for appropriate monitoring and periodic reports on water quality.

Potter Valley Project:

43. Same as Item 1.

Gravel Mining:

44. Provide for appropriate monitoring and periodic reports on riverbed elevations at cross-sections in the vicinity of the collectors and tracking of elevations over time.
45. Provide for periodic reports on caisson capacity under critical seasonal and hydrologic conditions.

Transmission Project Design and Scheduling:

46. Same as Item 1.
47. Include a more specific schedule for planned construction of project elements in the new agreement.
48. Add capacity triggers for planned parallel aqueduct segments to assure segments are built only if needed but ahead of such need.
49. Provide for periodic reporting on capacity trends to assure shortfalls in capacity do not occur.
50. Provide minimum storage requirements (based on an agreed upon factor times average day demand during the peak summer month) together with debt financing and equitable repayment by benefited party.

Basic Agreement Concepts:

51. Review the “exception” language contained in Section 2.3 (b) regarding additions to the transmission system and make it clearer.
52. Review the language of Section 2.4 regarding the Potter Valley Project to see if changes should be made.
53. Include consideration of ESA impacts in the new agreement. If too much uncertainty exists at the time negotiations come to a close, consider language that will provide a procedure or mechanism for dealing with this issue in the future.

Better Communications:

54. Include language in the agreement regarding provision of information on a timely basis.
55. Review adequacy of current reporting requirements and consider appropriate amendments.
56. Memorialize a recent practice of SCWA – namely development of a website and posting of information.

VISION STATEMENT

Based on comments received, some changes have been made in the proposed Vision Statement. The revised statement is shown in Attachment 6.

SCHEDULE

A delay in the expected date of receipt of the Biological Assessment from the SCWA – now expected to be available in September 2002 (previous date was April, 2002) requires delay of Workshop No. 5. The final completion date remains the same, however. A revised schedule showing this change (see Attachment 7) and some minor changes to reflect actual activities to date is recommended and if approved by the WAC will be posted on the website.

RECOMMENDATIONS

It is recommended:

1. The responses listed above (approximately 55) be considered by the parties for inclusion in the new agreement.
2. The revised Vision Statement be considered and adopted by the parties as a guide for preparing the new agreement.
3. The revised Schedule be approved.

This concludes the report on Workshop No. 2.

Sincerely,

/S/

John Olaf Nelson

Attachments:

1. Notice: Workshop No. 2
2. Slideshow: Recap of Key Issues Identified at First Workshop No.
3. Comments Received at Workshop No. 2
4. Comments Received at New Agreement Website (Dec 6, 2001 – Jan 4, 2002)
5. Results of Voting: Public Participants Preferences on Which Issues Need Further Discussion
6. Revised Vision Statement
7. Revised Schedule

Note: To view attachments exit this document. For Attachments 1 – 5 are located just above this document on the “Public Outreach” page. Click “Vision” tab to view draft Vision Statement. Click “Process” Tab to view revised schedule (planned negotiation timeline).